

TRANSPORTATION
EQUITY ACT:
A LEGACY FOR USERS

(TEA LU)

WEDNESDAY, FEBRUARY 9, 2005

EXECUTIVE SUMMARY

TRANSPORTATION EQUITY ACT: A LEGACY FOR USERS (TEA LU)

- **TEA LU** reauthorizes the federal highway, public transportation, highway safety, and motor carrier safety programs for six years, from fiscal years 2004 through 2009. The policy features of the bill from the last Congress are retained.
- **TEA LU** provides a total of \$283.9 billion in guaranteed funding – a 42 percent increase over the guaranteed funding for TEA 21 (1998-2003).
- **TEA LU's** funding level has been formally endorsed by the Administration. President Bush's updated reauthorization proposal, which was submitted with the fiscal year 2006 Budget, supports a 6-year reauthorization at \$283.9 billion.
- **TEA LU's** funding level of \$283.9 billion reflects the same funding level that Congressional negotiations had centered on in the closing days of the 108th Congress.
- **TEA LU's** guaranteed funding is \$4.5 billion higher than the guaranteed funding level of \$279.4 billion passed by the House of Representatives in April 2004. The recently enacted American Jobs Creation Act restores ethanol-related losses to the Highway Trust Fund resulting from the 5.2 cents per gallon subsidy and revokes the diversion of 2.5 cents per gallon from the Highway Trust Fund to the General Fund.
- **TEA LU** will continue and protect existing U.S. jobs in the transportation sector and related industries. Millions of new jobs will be created and sustained by the infrastructure funding increases in TEA LU.

COMPARISON OF GUARANTEED FUNDING TOTALS BY AGENCY *(IN MILLIONS)*

AGENCY	TEA 21	TEA LU
FEDERAL HIGHWAY ADMINISTRATION	\$163,000	\$225,500
FEDERAL TRANSIT ADMINISTRATION	\$36,000	\$52,350
FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION	\$1,300	\$2,920
NATIONAL HIGHWAY TRAFFIC SAFETY ADMIN.	\$1,700	\$3,220
TOTAL	\$202,000	\$283,990

CONGESTION RELIEF

PROBLEMS:

- Annually, congestion costs American drivers:
 - \$67 billion in lost productivity and wasted motor fuel.
 - 3.6 billion hours of delay each year.
 - 5.7 billion gallons of wasted motor fuel.
- Congestion costs the average traveler who drives during peak periods \$1,160 a year.
- Traffic congestion affects 33 percent of all travel on America's major roadways.

RESPONSE:

TEA LU creates a Congestion Relief Program that requires states to focus resources on the congestion problems on their roadways.

- TEA LU's Congestion Relief Program implements new state spending requirements for projects that increase motor vehicle travel reliability, maximize roadway capacity and efficiency, and remove bottlenecks.
- TEA LU establishes a linkage between the existing Congestion Management Analysis and what projects get built.
- TEA LU establishes time periods for completion of Congestion Relief projects.
- TEA LU ensures that states utilize Congestion Relief technologies to make roadway travel safer and more reliable.
- TEA LU Congestion Relief provisions will help highway managers squeeze more capacity from our existing highway investments while empowering them to build projects and conduct analyses that will also recapture unused capacity.

SAFETY

PROBLEMS:

- More than 42,000 Americans are killed and 2.9 million are seriously injured each year on the Nation's highways.
- Substandard road conditions and roadside hazards are a contributing factor in nearly 1/3 of all fatal crashes each year.
- Motor vehicle crashes cost the United States \$231 billion annually, including \$21 billion from Federal and State tax revenue.

Response:

- TEA LU creates a new core program for highway safety infrastructure improvements with its own dedicated funding stream.
- TEA LU provides \$590 million for a new High Risk Rural Road Safety Improvement Program that targets funding for safety improvements on rural two-lane roads. About 61 percent of all highway-related fatalities occur on rural roads.
- TEA LU increases funding for NHTSA highway safety formula grants to support a full range of state safety programs including, impaired driving programs, occupant protection programs, motorcycle safety, police traffic services and roadway safety.
- TEA LU provides \$608 million in incentives to states to strengthen their occupant protection programs. TEA 21 provided \$68 million over the life of the bill for these activities.
- TEA LU creates a new Safe Routes to School program which provides \$875 million over five years in formula funding to states to encourage communities to adopt strategies and fund projects designed to allow children to walk and bike to school safely.
- TEA LU provides \$624 million in incentive grants to help states combat impaired driving. In addition, \$60 million is provided for national high visibility enforcement campaigns such as "Click it or Ticket" and "You Drink, You Drive, You Lose".
- TEA LU provides \$1.5 billion in State motor carrier safety grants, including the Motor Carrier Safety Assistance Program (MCSAP), Border Enforcement grants, Commercial Driver's License grants, Performance and Registration Information System Management grants, and State Data Improvement Grants. These grants will promote State enforcement of and compliance with Federal Motor Carrier safety regulations.

FREIGHT MOBILITY

Problems:

- In 2002, 8.9 billion tons of freight – at a value of more than \$5 trillion – was transported by highway. From 1990 to 2000, U.S. truck travel increased by 38 percent. In the next 20 years, truck travel is expected to increase 90 percent due to an expanding economy and the increased reliance on just-in-time delivery.
- Freight intermodal connectors – the public roads leading to major intermodal facilities – represent a vital link in the national intermodal freight network. However, these connectors are twice as likely to have a deficient rating than other non-Interstate routes.

Response:

- TEA LU funds five programs that are specifically designed to improve the movement of freight.
- TEA LU provides \$3 billion over five years to fund a National Corridor Infrastructure Improvement program. This program is designed to fund regional and multi-state corridor projects that will improve mobility and economic growth in areas underserved by existing highway infrastructure.
- TEA LU provides \$1.025 billion in funding for the Coordinated Border Infrastructure Program, which apportions funds to border states for highway projects that will improve the safe and efficient movement of people and goods at or across the border between the United States and Mexico and the United States and Canada.
- TEA LU provides \$1.25 billion in additional funding over five years to states for improvements on freight intermodal connectors. This funding will facilitate and support improvements to public roads leading to and from major intermodal facilities.
- TEA LU provides \$6 billion for a new program to fund projects of regional and national significance. This program is designed to fund projects that will have a significant impact on the movement of goods and people beyond the immediate local area of the project.
- TEA LU provides \$830 million for a new program to fund the construction of dedicated truck lanes. Projects funded from this program will improve the safe and efficient movement of freight by separating truck traffic from traffic in regular lanes.
- TEA LU provides \$100 million to complete the core deployment and encourage the expanded deployment of the Commercial Vehicle Information Systems and Networks (CVISN) program, which will improve commercial motor vehicle efficiency by allowing trucks to by-pass safety inspections and weigh stations, based on their safety records.

PUBLIC TRANSPORTATION

PROBLEMS:

- From 1996 to 2002, public transit ridership grew 21 percent, and now carries 9.6 billion passenger trips a year. But in many U.S. cities, public transportation infrastructure is not keeping up with demand.
- Public transportation provides vital mobility to seniors, individuals with disabilities, and families with only one car or no car – but in 40 percent of U.S. counties, there is no public transportation system.
- The Mass Transit Account (MTA) of the Highway Trust Fund, which provides 80 percent of the funding for public transportation programs, is drawing down its balance faster than actual spending would dictate because of an accounting problem. If this problem is not addressed, the MTA balance will be zero by 2007.
- Highway congestion is a growing problem in nearly every part of the country. If public transportation was unavailable and people were forced to drive, congestion on our nation's highways would be worse than it is today.

RESPONSE:

- TEA LU increases funding to meet public transportation infrastructure needs. The DOT Conditions & Performance report shows that 36 percent of the nation's urban rail vehicles and maintenance facilities and 29 percent of the nation's bus fleet and maintenance facilities are in substandard or poor condition.
- TEA LU provides \$52.35 billion for transit programs, all guaranteed. This is a 51 percent increase in guaranteed funding. TEA 21 authorized \$41 billion for transit programs, of which \$36 billion was guaranteed funding.
- TEA LU increases the percentage of formula funding for public transportation in rural areas (towns of less than 50,000 population). Total six-year funding for rural public transportation increases by 60 percent, going from \$1.25 billion in TEA 21 to \$2 billion in TEA LU.
- TEA LU strengthens public transportation services for individuals with disabilities by increasing the elderly and disabled formula program and authorizes President Bush's New Freedom Initiative, which provides funds for disabled transportation activities in areas where these services are not available, or which go beyond the requirements of the Americans with Disabilities Act. These two initiatives total \$1.2 billion during the six-year TEA LU authorization period.
- TEA LU addresses the drain of budgetary resources from the Mass Transit Account by fixing the accounting problem created by each Federal Transit Administration program being split-funded between the trust fund and the general fund.

NATIONAL INFRASTRUCTURE NEEDS

Problems:

- The Interstate System is almost 50 years old.
- 32 percent of our major roads are in poor or mediocre condition.
- 29 percent of our bridges are structurally deficient or functionally obsolete.
- 36 percent of the nation's urban rail vehicles and maintenance facilities are in substandard or poor condition.
- 29 percent of the nation's bus fleet and maintenance facilities are in substandard or poor condition.
- According to the U.S. Department of Transportation, the combined spending of all levels of government for the existing infrastructure should be \$106 billion annually for highways and \$20.6 billion for transit.
 - **Highways:** To reach that investment level by 2009, the federal share of highway investments over the next six years should be roughly \$40 billion in 2004 growing to \$60 billion in 2009.
 - **Transit:** To reach that investment level by 2009, capital public transportation grants should reach \$12.8 billion, with an additional \$1 billion for operating grants, research, planning, and administrative costs.
- It is difficult for States and localities to dedicate adequate resources to large-scale infrastructure projects, especially those that have significant regional or national significance but are of more limited local benefit.

Response:

- TEA LU increases investment in transportation infrastructure to levels that will allow States and localities to not only maintain their roads, bridges, and transit systems, but to improve them.
- TEA LU grows highway obligation authority from \$34.4 billion in 2004 to \$41 billion in 2009; public transportation funding grows from \$7.3 billion in 2004 to \$10.3 billion in 2009.
- TEA LU authorizes a new \$6 billion "Projects of National and Regional Significance" program to help States pay for high cost highway projects that have significant national or regional benefits.

ECONOMIC IMPACTS OF INFRASTRUCTURE **INVESTMENTS**

- For every \$1 billion invested in federal highway and transit spending, 47,500 jobs are created or sustained.
- Highway and transit investments stimulate economic activity. They increase productivity by decreasing time spent on the road, encouraging new development, and increasing property values.
- Transportation infrastructure generates up to a 6-to-1 net return on investment.
- Increased transportation investment improves freight mobility -- More than 67 percent of the nation's freight moves on highways, an annual value to the economy of more than \$5 trillion.